

STATE OF IOWA
PROPERTY ASSESSMENT APPEAL BOARD

Soo Tractor Sweeprake Co., Appellant, v. Sioux City Board of Review, Appellee.	ORDER Docket No. 13-107-0405 Parcel No. 8947-29-309-009 Docket No. 13-107-0406 Parcel No. 8947-29-309-012 Docket No. 13-107-0407 Parcel No. 8947-29-309-011
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On February 25, 2015, the above-captioned appeals came on for telephone hearing before the Iowa Property Assessment Appeal Board. The appeal was conducted under Iowa Code section 441.37A(2)(a-b) and Iowa Administrative Code rules 701-71.21(1) et al. Soo Tractor Sweeprake Company was represented by attorney Daniel D. Dykstra of Heidman Law Firm, LLP, Sioux City, Iowa. The Board of Review was represented by Sioux City Attorney Jack A. Faith. The Appeal Board now, having examined the entire record, heard the testimony, and being fully advised, finds:

Findings of Fact

Soo Tractor Sweeprake Company (Soo Tractor) appeals from the Sioux City Board of Review decision reassessing its properties located at 1400 & 1304 W 1st Street and 75 Hamilton Boulevard, Sioux City, Iowa. According to the property record cards, the properties consist of three improved parcels, all with industrial classification, which operate together in one business.

Docket 13-107-0405 – 1400 W. 1st Street

This property is improved with a one-story, metal warehouse with 65,740 square feet of gross building area used for light manufacturing. The improvements were built in 1948 with periodic

additions and remodeling through 2006. The property is also improved by 43,725 square feet of concrete paving. It is listed as below-average construction quality (Grade 5+00) and normal condition. The site is 1.80-acres. The January 1, 2013 assessment valued the property at \$1,602,100, representing \$120,000 in land value and \$1,482,100 in improvement value. Soo Tractor requested an assessed value of \$1,071,205.

Docket 13-107-0406 – 75 Hamilton Blvd.

This property is improved with a one-story, metal warehouse with 31,710 square feet of gross building area used for light manufacturing. The improvements were built in 1995 with an addition in 2005. The property is also improved by 37,700 square feet of concrete paving. It is listed as average to good construction quality (Grade 4+00 to 3+05) and normal condition. The site is on 2.626-acres. The January 1, 2013 assessment valued the property at \$1,052,300, representing \$175,000 in land value and \$877,300 in improvement value. Soo Tractor requested an assessed value of \$535,264.

Docket 13-107-0407 – 1304 W. 1st Street

This property is improved with a three-story and a one-story, metal warehouse with 39,667 square feet of gross building area used for light manufacturing. The improvements were built in 1907 with periodic additions and remodeling through 2004. The property is also improved by 19,375 square feet of concrete paving and 7700 square feet of asphalt paving. It is listed as average construction quality (Grade 4+00) and normal condition. The site is 1.190-acres. The January 1, 2013 assessment valued the property at \$815,900, representing \$79,300 in land value and \$736,600 in improvement value. Soo Tractor requested an assessed value of \$502,129.

Soo Tractor protested to the Board of Review on the grounds that the assessment are not equitable as compared to like properties in the taxing jurisdiction and that the properties were assessed for more than authorized by law under Iowa Code sections 441.37(1)(a)(1) and (2). Soo Tractor also

restated its over-assessment claim in the error section of its petitions. The Board of Review denied the petitions.

Soo Tractor appealed to this Board reasserting its claims and sought the same relief.

Soo Tractor relies on an equity and market value analysis completed by Chris Bogenrief, President of United Commercial in Sioux City and a commercial real estate broker. Bogenrief testified that manufacturing properties need large capacity power and high clearance warehouse facilities and dock doors.

Bogenrief used five Sioux City properties for equity comparison. (Exhibits A-1 to A-5).

Exhibit	Address	Site Acres	Year Built	GBA	Class	Assessed	AV/SF
	13-107-0405	1.8	1948-2006	65,740	Industrial	\$1,602,100	\$ 24
	13-107-0406	2.62	1995-2005	31,710	Industrial	\$1,052,300	\$ 33
	13-107-0407	1.19	1907-2004	39,667	Industrial	\$ 815,900	\$ 21
A-1	1805 Zenith	26.09	1966-2006	214,371	Commercial	\$3,860,600	\$ 18
A-2	1512 W 1st St	1.97	1950-1972	33,832	Industrial	\$ 578,300	\$ 17
A-3	2620 Hawkeye	2.26	1954-2008	27,364	Industrial	\$ 467,500	\$ 17
A-4	2700 Hawkeye	4.23	1888-2011	48,093	Commercial	\$ 520,300	\$ 11
A-5	2901 Floyd	36.76	1911-1963	137,712	Commercial	\$945,000	\$ 7

In order to complete an equity analysis compared properties must have the same classification. We note that only two of the properties are classified industrial like the subject properties. Moreover, none of the properties has recently sold and the record lacks the necessary data to complete an assessment/sales ratio analysis. It is not sufficient to merely compare the assessed values of identified properties. Further, two of the properties are much larger than the subject properties and we do not find them sufficiently similar for an equity analysis. For these reasons, we give this evidence no consideration.

For his market value analysis, Bogenrief considered eight Sioux City properties for comparison. (Exhibits B1 to B8).

Exhibit	Address	Acres	Year Built	GBA	Date of Sale	Sale Price	SP/SF	Assessed
B-1	2501 Murray	14.07	1976-2001	148,500	Aug-10	\$1,050,000	\$7	\$1,302,800
B-2	2901 Murray	10.78	1992	90,444	Jul-12	\$2,300,000	\$25	\$2,695,600
B-3	4505 Dustin	2.50	1974-2006	32,580	Sep-12	\$550,000	\$17	\$645,900
B-4	5901 Gordon	5.73	1989	87,762	Oct-11	\$3,015,200	\$34	\$1,860,400
B-5	5901 Gordon	4.75	1989	87,762	Oct-11	\$3,015,200	\$34	\$1,542,500
B-6	5801 Gordon	0.91	N/A	N/A	Oct-11	\$3,015,200	N/A	\$1,000
B-7	6001 Gordon	11.07	1990	103,462	Aug-12	\$2,650,000	\$26	\$3,101,400
B-8	402 14th St	5.63	1998	47,700	Dec-12	\$910,000	\$19	N/A

First, we note Sale B-2 was a former United States Post Office distribution center and its transfer was from a government entity, which may affect its sale price. Additionally, Sales B-4 through B-6 were sold as part of a multiple parcel transaction which is not recognized as a normal sale transaction for assessment purposes. Sale B-1 occurred in 2010, is much larger than the subject, and we find it is not relevant to a determination of the subject's value as of January 1, 2013. Accordingly, we give these sales no consideration.

He discussed each of the sale properties similarities and dissimilarities as compared to the subject properties. On cross-examination, Bogenrief acknowledged that all of his sales comparables were classified commercial for assessment purposes. Without more information, we question whether these commercial properties can be considered comparable to the subject and its industrial, manufacturing use. Further, Bogenrief's analysis does not appear to consider any costs to convert these properties to a manufacturing use. He testified that properties identified in Exhibits B4, B5, B6 and B7 were not comparable to the subject properties. Bogenrief said he considered the differences between properties, but did not adjust them on a grid and his adjustments were "in his head" making them unavailable for the Board to review and determine their reasonableness.

Bogenrief prepared documents explaining his calculations. (Exhibit 13 & 14). He calculated a value of \$0.07 per-square-foot for all the land values. He testified that he averaged the unadjusted sale prices per-square-foot to arrive at his opinion of value. He calculated a \$14 per-square-foot for the improvements at 1400 W 1st Street (Docket 13-107-0405) and concluded a total value of \$1,071,205 for the parcel. Bogenrief calculated a value of \$16.88 per-square-foot for the improvement value of 75 Hamilton Blvd (Docket 13-107-0406) and concluded a total value of \$535,264 for the parcel. Lastly, he calculated a value of \$16.88 per-square-foot for the improvements at 1304 W 1st Street (Docket 13-107-0407) and concluded a total value of \$1,071,205 for the parcel. Bogenrief did not complete an income or cost approach to value the properties. Because Bogenrief failed to provide any detail or analysis of the comparable sales he identified, did not provide any analysis of his mental adjustments, and because he based his value conclusion on unadjusted sales prices, we give it no consideration.

Harlene Mahaney, President of Soo Tractor Sweeprake, testified she and her husband have owned and operated the business since the 1970s. Mahaney stated that the company is currently in the process of being sold and the parties to the sale allocated \$10 per-square-foot to the real estate.

Conclusion of Law

The Appeal Board has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A. This Board is an agency and the provisions of the Administrative Procedure Act apply. Iowa Code § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). The Appeal Board determines anew all questions arising before the Board of Review, but considers only those grounds presented to or considered by the Board of Review. §§ 441.37A(3)(a); 441.37A(1)(b). New or additional evidence may be introduced. *Id.* The Appeal Board considers the record as a whole and all of the evidence regardless of who introduced it. § 441.37A(3)(a); *see also Hy-vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005). There is no presumption the assessed value is correct.

§ 441.37A(3)(a). However, the taxpayer has the burden of proof. § 441.21(3). This burden may be shifted; but even if it is not, the taxpayer may still prevail based on a preponderance of the evidence. *Id.*; *Richards v. Hardin County Bd. of Review*, 393 N.W.2d 148, 151 (Iowa 1986).

In Iowa, property is to be valued at its actual value. Iowa Code § 441.21(1)(a). Actual value is the property's fair and reasonable market value. § 441.21(1)(a)(2). Market value essentially is defined as the value established in an arm's-length sale of the property. *Id.* Sale prices of the property or comparable properties in normal transactions are to be considered in arriving at market value. *Id.* If sales are not available to determine market value then "other factors," such as income and/or cost, may be considered. § 441.21(2).

To prove inequity, a taxpayer may show that an assessor did not apply an assessing method uniformly to similarly situated or comparable properties. *Eagle Food Centers v. Bd. of Review of the City of Davenport*, 497 N.W.2d 860, 865 (Iowa 1993). Alternatively, a taxpayer may show the property is assessed higher proportionately than other like property using criteria set forth in *Maxwell v. Shivers*, 133 N.W.2d 709 (Iowa 1965). The six criteria include evidence showing

"(1) that there are several other properties within a reasonable area similar and comparable . . . (2) the amount of the assessments on those properties, (3) the actual value of the comparable properties, (4) the actual value of the [subject] property, (5) the assessment complained of, and (6) that by a comparison [the] property is assessed at a higher proportion of its actual value than the ratio existing between the assessed and the actual valuations of the similar and comparable properties, thus creating a discrimination."

Id. at 711. The *Maxwell* test provides that inequity exists when, after considering the actual and assessed values of comparable properties, the subject property is assessed at a higher proportion of this actual value. *Id.* The *Maxwell* test may have limited applicability now that current Iowa law requires assessments to be at one hundred percent of market value. § 441.21(1). Nevertheless, in some rare instances, the test may be satisfied.

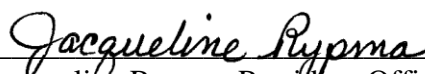
Soo Tractor provided five properties it considered comparable to its property for equity comparison. Only two were industrial properties like the subjects and none of the properties sold recently. Therefore, the record lacks the information necessary to complete an assessment/sales ratio analysis under the *Maxwell* test. Further, Soo Tractor did not allege the Assessor applied an assessment method in a non-uniform way under the *Eagle Foods* test. Thus, it did not show its properties were inequitably assessed under either test.


In an appeal alleging the property is assessed for more than the value authorized by law under Iowa Code section 441.37(1)(a)(2), the taxpayer must show: 1) the assessment is excessive and 2) the subject property's correct value. *Boekeloo v. Bd. of Review of the City of Clinton*, 529 N.W.2d 275, 277 (Iowa 1995).


While Soo Tractor provided evidence to support its claims of over-assessment as of the January 1, 2013, assessment date, Soo Tractor relied on dissimilar properties. Further, Soo Tractor did not submit any evidence showing the adjustments Bogenrief testified he made to account for differences between the properties and the subject. In the absence of quantified adjustments, we cannot conclude whether or not Bogenrief's methodology results in an accurate reflection of the subject property's fair market value. Admitted sales must be adjusted "to account for differences between the comparable property and the assessed property to the extent any differences would distort the market value of the assessed property in the absence of such adjustments." *Soifer v. Floyd County Bd. of Review*, 759 N.W.2d 775, 783 (Iowa 2009). Nor did Soo Tractor submit income and cost approaches to value. The evidence was insufficient to prove the fair market value of the subject properties. As a result, we find the preponderance of the evidence fails to support Soo Tractor's claims that its properties were assessed for more than authorized by law as of January 1, 2013.

THE APPEAL BOARD ORDERS the January 1, 2013, property assessments of Soo Tractor Sweeprake Company's properties located in Sioux City, Iowa are affirmed.

Dated this 6th day of April, 2015.


Jacqueline Rypma, Presiding Officer


Stewart Iverson, Board Chair


Karen Oberman, Board Member

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